

Meeting of:	CORPORATE OVERVIEW AND SCRUTINY COMMITTEE
Date of Meeting:	23 OCTOBER 2025
Report Title:	BUDGET MONITORING 2025-26 – QUARTER 2 REVENUE FORECAST
Report Owner/ Responsible Chief Officer / Cabinet Member:	CABINET MEMBER FOR FINANCE AND PERFORMANCE CHIEF OFFICER – FINANCE, HOUSING AND CHANGE
Responsible Officer:	JOANNE NORMAN GROUP MANAGER – BUDGET MANAGEMENT
Policy Framework and Procedure Rules:	As required by section 3 (budgetary control) of the Financial Procedure Rules; Chief Officers in consultation with the appropriate Cabinet Member are expected to manage their services within the approved cash limited budget and to provide the Chief Finance Officer with such information as is required to facilitate and monitor budgetary control.
Executive Summary:	• The net revenue budget for 2025-26 is £383.226 million. The overall projected position at 30th September 2025 is a net under spend of £5.897 million (1.54% of the net revenue budget). • There continues to be an underlying projected over spend of £453,000 on directorate budgets primarily due to ongoing pressures within Children's Services and the Chief Executive's Directorate. • The overall projected net under spend is mainly due to the projected under spend of £6.350 million on Council wide budgets. This primarily relates to additional interest anticipated from current investments, additional grant from Welsh Government towards the teachers' pay award 2025-26, the confirmed National Joint Council (NJC) pay awards being lower than budgeted for and the Council not seeing the increases in Consumer Price Index (CPI) impact as expected on contractual arrangements to date in 2025-26. • The budget approved for 2025-26 included budget reduction proposals totalling £8.379 million. The current position is a projected shortfall on the

	savings target of £858,000, or 10.24% of the overall reduction target.
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1. Purpose of Report

- 1.1 The purpose of this report is to provide the Corporate Overview and Scrutiny Committee with an update on the Council’s revenue financial position as at 30th September 2025.

2. Background

- 2.1 On 26th February 2025, Council approved a net revenue budget of £383.338 million for 2025-26 based on the provisional local government settlement announced by Welsh Government on 11th December 2024. The Welsh Government announced its final settlement on the 20th February 2025. The Final Local Government Settlement for Bridgend was £112,234 less than provided in the Provisional Settlement mainly due to data changes in the Non-Housing Revenue Account (HRA) element of Welsh Government’s funding formula. This decreased the net revenue budget for 2025-26 to £383.226 million. The updated revenue budget was outlined in a report to Council on 12th March, where it was also confirmed that no changes were made to the levels of council tax, or budget pressures and reductions approved by Council on 26th February 2025.
- 2.2 As part of the Performance Management Framework, budget projections are reviewed regularly and reported to Cabinet on a quarterly basis. The delivery of agreed budget reductions is also kept under review and reported to Cabinet as part of this process.

3. Current situation / proposal

3.1 Summary financial position at 30th September 2025

- 3.1.1 The Council’s net revenue budget and projected outturn for 2025-26 is shown in **Table 1** below.

Table 1- Comparison of budget against projected outturn at 30th September 2025

Directorate/Budget Area	Original Budget 2025-26 £'000	Revised Budget 2025-26 £'000	Projected Outturn Q2 2025-26 £'000	Projected Over / (Under) Spend 2025-26 £'000	Projected Over / (Under) Spend Qtr 1 2025-26 £'000
Directorate					
Education, Early Years and Young People	154,862	157,073	156,784	(289)	(572)
Social Services and Wellbeing Communities	115,909	119,451	119,334	(117)	626
Chief Executive's	33,754	34,429	34,506	77	(185)
	24,815	25,762	26,544	782	858
Total Directorate Budgets	329,340	336,715	337,168	453	727
Council Wide Budgets					
Capital Financing	5,958	5,907	4,680	(1,227)	(87)
Levies	10,209	10,209	10,209	0	0
Apprenticeship Levy	750	869	869	0	92
Council Tax Reduction Scheme	17,054	17,054	17,268	214	221
Insurance Premiums	1,363	1,363	1,375	12	0
Repairs & Maintenance	670	670	670	0	0
Pension Related Costs	430	430	462	32	0
Other Council Wide Budgets	17,452	10,009	4,628	(5,381)	(55)
Total Council Wide Budgets	53,886	46,511	40,161	(6,350)	171
Total	383,226	383,226	377,329	(5,897)	898

3.1.2 The overall projected position at 30th September 2025 is a net under spend of £5.897 million comprising £453,000 net over spend on directorates and a net under spend of £6.350 million on Council wide budgets. A detailed analysis of the more significant projected under and over spends is set out in section 3.3.

3.1.3 During quarter 2, Bridgend County Borough Council (BCBC) received confirmation of the following funding:-

- Contribution of £4.447 million from Welsh Government (WG) towards the increased costs of employer NI contributions for staff directly employed by BCBC, and for staff employed by the Fire and Rescue Authority – this was a shortfall of £390,000 compared with the actual cost of the increased contributions.
- Social Care Workforce grant - £2.005 million
- Eliminating Profit grant - £1.129 million
- Contribution towards teachers' pay award 2025-26 - £521,736

The detailed narrative in section 3.3 of the report refers to where these have impacted on the quarter 1 projections.

3.1.4 During quarter 2, pay awards for 2025-26 were agreed for Joint Negotiating Committee (JNC) Chief Officers, National Joint Council (NJC) employees, along with Teachers' pay awards from September 2025. The agreed pay awards for JNC and NJC staff were lower than budgeted for and the projected under spend

on this budget has been recognised under other Council wide budgets. Even a variance of 1% on the pay settlement for NJC staff can result in a swing of required funding of over £1.5 million per annum. However, the ongoing uncertainty over future pay awards means that it is likely that the provision set aside in the MTFS for 2026-27 will need to be supplemented by any funding not committed from the central pay budget this financial year.

- 3.1.5 The Teachers' pay award was confirmed at 4% for implementation from September 2025, higher than the assumptions made by Welsh Government when they set their budget for 2025-26. WG announced additional funding via the Local Authority Education Grant and post-16 grant to be allocated specifically against teachers' pay. BCBC received a contribution of £521,736 as set out in paragraph 3.1.3.
- 3.1.6 The main financial pressures remain in the Chief Executive's Directorate and within Children's Services in the Social Services and Wellbeing (SSWB) Directorate.
- 3.1.7 The projected net over spend for the Chief Executive's directorate is mainly due to delays in implementing Medium Term Financial Strategy budget reduction proposals. There is a projected shortfall of £220,000 on prior year budget reductions along with an £79,000 shortfall on current year budget reduction proposals.
- 3.1.8 There continues to be pressure in learning disabilities and physical disability/sensory impairment services driven by the complexity of need and demand across these services. There is also significant pressure in children's residential placements. The Social Services Improvement Board is overseeing a number of actions to address the pressures in line with the 3 year Plans for Sustainable Care and Support for Adults and for Children and Family services.
- 3.1.9 It is too early in the financial year to provide a realistic indication of projected council tax income for this financial year, and whether the Council is likely to see a reduction in council tax income over the 2025-26 financial year as more people have suffered financial hardship due to the cost of living crisis, or whether additional income will be collected from council tax premiums on empty properties and second homes. A 1% reduction in the council tax income collection rate could result in an additional pressure to the Council of around £1 million. Council tax collection rates will be monitored continuously throughout the year and reported accordingly.

Budget virements/technical adjustments

- 3.1.10 There have been a number of technical adjustments between budgets since the Medium Term Financial Strategy (MTFS) was approved by Council in February 2025.
- 3.1.11 The main technical adjustments are outlined below:

Technical Adjustments

Service vired from / to	Amount
Allocation of funding retained centrally in respect of National Joint Council (NJC) pay award for 2025-26 for school employees – confirmed July 2025	£1,094,080
Allocation of funding retained centrally in respect of National Joint Council (NJC) pay award for 2025-26 for directorate employees – confirmed July 2025	£3,058,169
Allocation of funding retained centrally in respect of Joint Negotiating Committee (JNC) pay award for 2025-26 for Chief Officers – confirmed July 2025	£96,226
Transfer of inflationary uplifts not confirmed when the Medium Term Financial Strategy was agreed that are held centrally until evidence of the uplift is provided by the service areas (detailed in paragraph 3.1.12).	£708,915

Pay/Price Inflation

- 3.1.12 When the budget was set, very little funding was allocated to directorates for pay and price inflation, as most had not been determined for the forthcoming year. The majority of the price provision has been retained centrally within Council wide budgets, to be allocated as further information is known about specific contractual price increases. Amounts released during quarter 2 are shown in paragraph 3.1.11 and include £143,365 for Home to School Transport contracts and £115,160 for Prevention and Wellbeing contracts (Awen and Halo) in line with the Consumer Price Index (CPI) increase along with £119,000 increase to the Apprenticeship Levy budget.
- 3.1.13 The Teachers' pay award from September 2025 onwards was also agreed in July 2025. As noted in 3.1.5, additional grant funding of £521,736 was announced by Welsh Government in September. Allocation of this grant and the funding retained centrally in respect of the Teachers' pay award will take place during quarter 3.
- 3.1.14 The uncertainty regarding the funding of the increases to the rate of employers' national insurance contributions was referenced in the quarter 1 revenue monitoring report. During quarter 2, Bridgend County Borough Council received a grant of £4.192 million for BCBC staff, a post-16 grant of £96,000, and a grant of £159,199 towards Fire and Rescue Authority NI increases. The grant was £390,000 short of the actual increase needed. Bridgend has also had to fund the cost of NI increases for commissioned services from its own budget.

Budget Reduction Proposals

- 3.1.15 The net budget for the financial year has been set assuming full implementation of the current year budget reduction requirements across the Council's budget, which amount to £8.379 million. Where proposals to meet this requirement have been delayed or are not achievable directorates have been tasked with identifying alternative proposals to meet their requirements such as holding additional vacancies, or bringing forward alternative budget reduction proposals.

3.1.16 In February 2025 Council approved the Medium Term Financial Strategy for 2025-26 to 2028-29. This identified the need to develop recurrent budget reduction proposals, based on the most likely scenario, amounting to £39.516 million over the next four years. Against that background it is essential that expenditure is kept within the overall approved budget and that longer term proposals continue to be developed so that the Council has as much flexibility as possible to meet the challenges which lie ahead.

3.1.17 At year end consideration will be given to any budget over spends to determine whether these should be carried forward as a first call on the directorate budget for the following year. Similarly, consideration will be given to requests from directors to carry forward any planned directorate under spends for specific purposes into the following year, in line with the Council's Reserves and Balances Protocol, as long as these can be met from within the Council's cash limited budget for 2025-26. This is in line with the reports to Cabinet and Council on the MTFS, and the Council's Financial Procedure Rules.

3.2 Monitoring of Budget Reduction Proposals

Prior Year Budget Reductions

3.2.1 The Revenue Budget Outturn report was presented to Cabinet on 24th June 2025. In the report it was highlighted that there were £415,000 of prior year budget reduction proposals that were not met in full, with a total outstanding balance to be met of £290,000. In addition, of the 2024-25 budget reduction proposals of £13.045 million, it was reported that there was a total outstanding balance to be met of £1.569 million. Directors have been asked to identify if any of these proposals are still not likely to be achieved in full during the 2025-26 financial year, and to identify mitigating actions that will be undertaken to achieve them. All remaining outstanding prior year budget reductions are outlined in **Appendix 1** with a summary per directorate provided in **Table 2**.

Table 2 – Outstanding Prior Year Budget Reductions

	Total Budget Reductions Required	Total Budget Reductions Likely to be Achieved	Shortfall
DIRECTORATE /BUDGET REDUCTION AREA	£'000	£'000	£'000
Education, Early Years and Young People	291	149	142
Social Services and Wellbeing	501	501	0
Communities	464	296	168
Chief Executives	1,567	1,347	220
TOTAL	2,823	2,293	530

Note: The total budget reductions required in Table 2 represents the full original budget reduction targets.

3.2.2 **Table 2** shows that of the £2.823 million outstanding reductions, £2.293 million is likely to be achieved in 2025-26 leaving a shortfall of £530,000. Proposals still not likely to be achieved include:

- EDF19 – Communication and Relationships Team (£142,000 shortfall). A service review has started with a new Team Manager in place from 1 September 2025.
- COM 2 2021-22 – Re-location of Community Recycling Centre from Tythegston to Pyle (£60,000 shortfall). The new site in Pyle opened in quarter 4 of 2023-24. Once the exit terms of the lease in Tythegston have been finalised the full saving will be made.
- COM2 2023-24 – Charging Blue Badge Holders for parking (£40,000 shortfall). The Traffic and Transport Team are progressing with the order making process and have carried out an initial engagement on the proposal which is currently being evaluated prior to progressing.
- CEX22 – Review of ICT Services (£87,000 shortfall). Saving was not met in full due to the timing of the re-procurement exercise on telephony budgets across the Council.
- CEX25 – Staff savings from Finance senior management team – (£70,000 shortfall). Shortfall in savings target due to failure to implement the proposed Finance Senior Management restructure. The service is now considering alternative budget saving proposals.

3.2.3 As outlined in the MTFS reports to Cabinet and Council, MTFS Principle 7 states that *“Savings proposals are fully developed and include realistic delivery timescales prior to inclusion in the annual budget. An MTFS Budget Reduction Contingency Reserve will be maintained to mitigate against unforeseen delays”*. An MTFS Budget Reduction Contingency reserve is in place to offset shortfalls on specific budget reduction proposals on a one-off basis where circumstances to achieving them are outside of the directorate’s control. During the financial year, the Section 151 Officer will consider applications from Directorates to the MTFS Budget Reduction Contingency reserve to mitigate some of the shortfalls.

Budget Reductions 2025-26

3.2.4 The budget approved for 2025-26 included budget reduction proposals totalling £8.379 million, which is broken down in **Appendix 2** and summarised in **Table 3** below. The current position is that £5.593 million has been achieved to date with an additional £1.928 million to be achieved by year end, leading to an overall projected shortfall on the savings target by year end of £858,000, or 10.24% of the overall reduction target.

Table 3 – Monitoring of Budget Reductions 2025-26

	Total Budget Reductions Required	Total Budget Reductions Achieved to date	Total Budget Reductions Likely to be Achieved	Shortfall
DIRECTORATE /BUDGET REDUCTION AREA	£'000	£'000	£'000	£'000
Education, Early Years and Young People	1,428	382	1,011	417
Schools	1,186	1,186	1,186	0
Social Services and Wellbeing	1,817	682	1,617	200
Communities	717	356	556	161
Chief Executive's	688	444	609	79
Corporate/Council Wide	2,543	2,543	2,543	0
TOTAL	8,379	5,593	7,522	857

3.2.5 The most significant budget reduction proposals unlikely to be achieved in full are (> £100,000 shortfall):-

- EEYYP5 – Reduction in Strategy, Performance and Support Group (£109,000 shortfall). The staff consultation process is due to commence in quarter 3 of 2025-26. Saving will be made in full in 2026-27.
- SCH1 – Efficiency saving against School Delegated Budgets – 1% in 2025-26 (£1.186 million). Whilst the saving is referenced as having been achieved due to the overall reduction in the Individual Schools Budget (ISB), as referenced in paragraph 3.3.1, the reduced budgets have resulted in total projected deficit balances for schools at year end of £5.087 million. Officers are working with schools to bring this overall deficit down.
- SSW8 – Reduction in provision of number of Supported Living Accommodation units (£190,000 shortfall). The service area is actively seeking means to achieve this budget reduction proposal. Updates will be provided in future revenue monitoring reports.

3.2.6 **Appendix 2** identifies the projected amount of saving against these proposals in detail and action to be taken by the directorate to mitigate the shortfall. Directors continue to work with their staff to deliver their proposals or alternatives and this is reflected in the forecast outturn for the year. During the financial year the Section 151 Officer will also consider applications from directorates to the MTFS Budget Reduction Contingency reserve to mitigate some of the shortfalls.

3.2.7 In the longer term, these proposals must be realised or must be met through alternative budget reduction proposals in order to deliver a balanced budget position.

3.3 Commentary on the financial position at 30th September 2025

Financial position at 30th September 2025

A summary of the financial position for each main service area is attached in **Appendix 3** to this report and comments on the most significant variances are provided below.

3.3.1 **Education, Early Years and Young People Directorate**

The net budget for the Education, Early Years and Young People (EEYYP) Directorate, including school delegated budgets, for 2025-26 is £157.073 million. Current projections indicate an under spend of £289,000 at year end compared to the quarter 1 projected under spend of £572,000. The main variances are:

EDUCATION, EARLY YEARS AND YOUNG PEOPLE DIRECTORATE	Net Budget £'000	Projected Outturn £'000	Projected Variance Over/(under) budget £'000	% Variance
Inclusion Group	8,765	9,505	740	8.44%
EEYYP Support Unit (EDSU)	545	579	34	6.19%
Home to School Transport	10,892	10,498	(393)	-3.61%
Catering Services	1,863	1,369	(494)	-26.54%

Schools' delegated budgets

Total funding delegated to schools in 2025-26 is £124.897 million.

The schools' delegated budget is reported as balanced as any under spend or over spend is automatically carried forward into the new financial year before being considered by the Corporate Director - Education, Early Years and Young People in line with the 'Guidance and Procedures on Managing Surplus School Balances'.

The Financial Scheme for Schools requires schools to obtain permission from both the Corporate Director – Education, Early Years and Young People and the Section 151 Officer to set a deficit budget. Schools with deficits of greater than £50,000 in a primary school or greater than £150,000 in a secondary or special school are requested to attend termly support and challenge meetings with senior local authority officers. In addition, any unplanned deficits that occur within the financial year due to unforeseen circumstances must be reported as soon as they become known to the school.

At the start of 2025-26, projections indicated an overall deficit balance for school delegated budgets of £5.206 million at year end. At quarter 2 this has slightly reduced to a projected deficit of £5.087 million. There are 35 primary schools, 5 secondary schools and 2 special schools (71% of all schools) projecting a deficit balance at year end.

Central Education, Early Years and Young People Directorate budgets

Inclusion Group

- There is a projected net over spend of £740,000 across Inclusion Group budgets compared with a projected net under spend of £345,000 at quarter 1.
- The main reason for the projected over spend is that there continues to be significant demand for additional learning needs (ALN) support at schools resulting in a projected over spend of £536,000 at quarter 1 compared with £78,000 at quarter 1. The demand is high in particular for pupils requiring neurodevelopmental, behavioural, communication and complex medical support. The number of pupils supported in the spring term was 303, increasing to 345 in the summer term.
- Recoupment expenditure has projected to increase by £533,000 since quarter 1. Numbers have remained stable in inter-authority recoupment placements, with 20 at Summer 2025, down to 18 in Autumn 2025. The pressure is due to additional support being provided at Heronsbridge School and Ysgol Bryn Castell to mitigate further external placements. The projected costs for the support provided by the special schools alone are currently £422,000, however this approach prevents higher costs that would have been incurred with external providers.
- The projected over spend has been partly mitigated by current staff vacancies held across Inclusion Group budgets (£212,000).

Education, Early Years and Young People Directorate Support Unit (EDSU)

- There is a projected over spend of £34,000 at quarter 2 compared with the projected over spend of £159,000 at quarter 1. The underlying reason for the projected over spend relates to delays in implementing MTFS proposals requiring restructures which will be finalised later in 2025-26, including EEYYP5 – Strategy, Performance and Support Group – shortfall of £109,000, EEYPY 6 – Pupil Services – shortfall of £26,000 and EEYYP8 – Business Support – shortfall of £70,000. The improved projections reflect additional vacancies within the Support Unit since quarter 1.

Home-to-school transport (HtST)

- There is a projected under spend of £393,000 on the HtST budget at quarter 2 compared with the projected under spend of £101,000 at quarter 1. This has been achieved through efficiencies in contracts for the first half of the year.
- The projected under spend reflects that the MTFS budget reduction proposal in this service area for 2025-26 of £675,000 will be met in full – EEYYP 2 – review of HtST. The improved projection from quarter 1 reflects the ongoing review of HtST budgets.
- If the projected under spend is maintained for the remainder of the financial year, the service is in a strong position to meet the 2026-27 MTFS proposal of £417,000.

Catering Services

- Catering Services is projecting an under spend of £494,000 in quarter 2 which is comparable to the projected under spend of £518,000 in quarter 1.
- The projected under spend continues to be based on the full implementation of the Universal Primary Free School Meals (UPFMS) by Welsh Government and the accompanying grant funding to support the initiative.
- The provision of UPFSM in 2025-26 will continue to be monitored closely to determine whether the positive projections are sustainable and whether Catering

Services can contribute to future MTFS budget reduction proposals for the EEYYP Directorate.

- The projected under spend is slightly lower than 2024-25 due to the delay in the implementation of MTFS budget reduction EEYYP1 – Cessation of the meals at home service which is currently reporting a shortfall of £56,000. The service has now ceased so no further costs should be incurred.

3.3.2 **Social Services and Wellbeing Directorate**

The Directorate's net budget for 2025-26 is £119.451 million. Current projections indicate an under spend of £117,000 at year end compared to the quarter 1 projected over spend of £626,000. The detailed narrative below sets out the main service areas where projections have improved, including learning disability, physical disability/sensory impairment home care, learning disabilities residential care, homes for older people, prevention and wellbeing and children's social care commissioning and social work.

Two significant grants have been confirmed since the quarter 1 projections – Social Care Workforce grant (£2.005 million) and Eliminating Profit (£1.129 million). The detailed narrative below refers to where these have positively impacted on the projections.

Council approved budget pressures of £8.800 million for the SSWB Directorate in February 2025 as part of the Medium Term Financial Strategy. The funded pressures include £3.250 million to mitigate the ongoing pressures of Care Experienced Children and insufficient numbers of foster carers, £2.020 million for the implications of Real Living Wage (RLW) uplifts on commissioned contracts, £1.282 million for learning disabilities services, £679,000 for mental health services and £540,000 for Physical Disability/Sensory Impairment services.

As noted in the quarter 1 report, there continues to be pressures in learning disabilities and physical disability/sensory impairment services driven by the complexity of need and demand across these services. There is also significant pressure in children's residential placements. The Social Services Improvement Board is overseeing a number of actions to address the pressure in the adult services budget, including accelerating the work to transform learning disabilities. Further actions have been developed into a 3 year Plan for Sustainable Care and Support for Adults in BCBC that was approved by Cabinet on 19th November 2024. This plan sits alongside the 3 year strategic plan for children and family services which was approved by Cabinet in September 2023.

The most significant variances for the directorate are :

SOCIAL SERVICES AND WELLBEING DIRECTORATE	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Adult Social Care	79,138	78,382	(756)	-0.96%
Prevention and Wellbeing	6,380	6,187	(193)	-3.03%
Childrens Social Care	33,933	34,765	832	2.45%

Adult Social Care

There is a projected net under spend of £756,000 on the Adult Social Care budget, an improvement of £232,000 from the £524,000 projected under spend at quarter 1.

The most significant variances contributing to the under spend are:

ADULT SOCIAL CARE	Projected Variance Over/(under) budget
	£'000
Physical Disability/Sensory Impairment Home Care	225
Learning Disabilities Residential Care	203
Older People Home care	151
Physical Disability/Sensory Impairment Residential Care	110
Mental Health Residential Care	(87)
Older People Direct Payments	(108)
Mental Health Supported Accommodation	(256)
Learning Disabilities Direct Payment	(266)
Homes for Older People	(770)

- Physical Disability/Sensory Impairment Home Care - there is a projected over spend of £225,000 compared to £397,000 at quarter 1. This is based on the current demand for the service which is 99 packages of support (101 at quarter 1). The projected over spend is mainly due to increased costs for existing placements, due to changing needs. The projection has improved from quarter 1 due to a £151,000 allocation of the Social Care Workforce (SCW) grant.
- Learning Disabilities Residential Care – there is a projected over spend of £203,000 compared to £361,000 at quarter 1. Whilst the projection has improved from quarter 1 due to a £400,000 allocation of the SCW grant the service has seen an increase of two placements since quarter 1 and a reduction in projected joint funded income as further clarification was received during quarter 2 as to the split of funding with health for one placement. Therefore the overall projections have only improved by £158,000 and not the full value of the SCW grant.
- Older People Home Care – there is a projected over spend of £151,000 compared to £47,000 at quarter 1. Whilst the service has been allocated £51,000 of the SCW

grant in quarter 2 the projected over spend has increased due to an increase in placement numbers within Independent Domiciliary Care.

- Physical Disability/Sensory Impairment Residential Care – there is a projected over spend of £110,000 which is comparable to the £106,000 projected over spend at quarter 1. The projected over spend is due to higher placement numbers than budgeted for.
- Mental Health Residential Care – there is a projected under spend of £87,000 compared to a projected under spend of £218,000 at quarter 1. The reduction in projected under spend is due to an increase in placement numbers to 48 current placements compared to 46 at quarter 1.
- Older People Direct Payments – there is a projected under spend of £108,000 compared to a projected under spend of £161,000 at quarter 1. The reduction in projected under spend is due to an increase in the number of Direct Payment cases to 107 current cases compared to 93 at quarter 1.
- Mental Health Supported Accommodation – there is a projected under spend of £256,000 compared to a projected under spend of £242,000 at quarter 1. This continues to be as a result of staffing vacancies with the service.
- Learning Disabilities Direct Payments – there is a projected under spend of £266,000 across the Direct Payments budgets in this area compared to a projected under spend of £241,000 at quarter 1. This is based on the current demand for packages of support of 137 (143 at quarter 1).
- Homes for Older People – there is a projected under spend of £770,000 compared to a projected under spend of £441,000 at quarter 1. Since quarter 1 there has been an increase in projected client contributions for internal residential homes. All contributions towards residential care are financially assessed in accordance with the Social Services and Well-being (Wales) Act 2014 but the average income received each year will vary in total depending on the financial position of the people needing care during the financial year – e.g. if there are a large number of people who have savings or assets and are therefore not reliant on the local authority paying their contribution in full, then this will increase the overall average income received per person.

Prevention and Wellbeing

- There is a projected under spend of £193,000 compared to a projected under spend of £41,000 at quarter 1. The movement is due to an allocation from the central price inflation budget to this service area during quarter 2 which has improved the projections by £115,160 as the revised management fee costs had been built into the quarter 1 projections. The service has also maximised the Play Works Sufficiency grant (£46,000).
- The underlying reason for the projected under spend is mainly due to maximisation of grant funding from the Shared Prosperity Fund (£643,000). This is also mitigating the following MTFs saving whilst public engagement is undertaken with a view of what a long term sustainable cultural services looks like:-
 - SSW13 (2024-25) – £360,000 - Council to reduce its investment into cultural services.

Children's Social Care

There is a projected net over spend of £832,000 on the Children's Social Care budget compared with the projected net over spend of £1.191 million at quarter 1. The most significant variances contributing to this over spend are:-

CHILDREN'S SOCIAL CARE	Projected Variance Over/(under) budget £'000
Care Experienced Children	1,050
Early Help & Edge of Care	(143)

- The projected over spend of £1.050 million for Care Experienced Children has decreased from the £1.266 million reported at quarter 1. The budget has had £606,000 of Social Care Workforce grant allocated during quarter 2. The underlying over spend is due to a combination of factors:-
 - The Independent Residential Care budget has a projected over spend of £880,000 (quarter 1 - £946,000).
 - The quarter 1 projections were based on 26 care experienced children in independent residential care – this has increased to 28 placements at quarter 2.
 - In addition, there continues to be insufficient foster carer placements to meet needs and children requiring specialist provision, sometimes with high staffing ratios to keep them safe and protected. It should be noted that this budget area can be volatile and small changes in demand can result in relatively high costs being incurred.
 - Children's Internal Residential Care has a projected net over spend of £280,000 compared to £324,000 in quarter 1. This is mainly due to increased usage of agency workers to address safeguarding issues which require additional staffing across the service.
 - Fostering - There is a projected under spend in this area of £438,000. This is primarily due to a projected under spend of £335,000 on the Independent Fostering Agency (IFA) budget based on 33 placements. This is due to alternative, lower cost, placement options being fully utilised, including Special Guardianship Orders. It should be noted, however, that some of the children in costly independent residential provision would ideally be with foster carers who can manage complex needs. There is insufficient capacity in-house and in IFAs which means that some children's needs are being met in a higher, more expensive, tier of service.
 - Children's Supported Living – There is a projected over spend of £562,000 which is comparable with the £594,000 projected over spend at quarter 1. This is currently mitigated by the projected under spend in Fostering noted above. The pressure is due to increases in the number of placements (21 in quarter 1 of 2024-25 compared to 27 currently).

- Early Help & Edge of Care – There is a projected under spend of £143,000 compared with the projected under spend of £188,000 at quarter 1. This is due to a projected under spend of £38,000 on staffing and £105,000 on running costs across the service while a review of the service is progressed.

3.3.3 **Communities Directorate**

The net budget for the Directorate for 2025-26 is £34.429 million. The current projection is an anticipated over spend of £77,000 compared with the projected under spend of £185,000 at quarter 1. The main variances are:

COMMUNITIES DIRECTORATE	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Highway Services	9,168	9,401	233	2.54%
Fleet Services	205	797	592	289.35%
Traffic & Transport	1,341	837	(504)	-37.59%
Parks, Playing Fields & Bereavement	2,807	2,991	184	6.55%
Corporate Landlord	3,647	3,279	(368)	-10.09%

Highway Services

- There is a projected over spend of £233,000 at quarter 2 compared with a projected over spend of £73,000 at quarter 1. The service area is not anticipated to meet its vacancy management MTFS saving of £93,000 based on current staffing projections. The balance of the over spend is due to the projected over spend on hire charges for vehicles and equipment.

Fleet Services

- There is a projected over spend of £592,000 compared to the projected over spend of £520,000 at quarter 1. The fleet services team operate on a break-even basis with re-charges for work undertaken on directorates, South Wales Police (SWP) and the general public's vehicles, generating income to support staffing and overhead costs. Productivity levels continue to be impacted by long term sickness and ongoing issues with recruitment and retention difficulties. A market supplement has been introduced in line with the corporate Market Supplement Policy following comparisons with neighbouring authorities and remuneration of HGV technicians, which has seen some limited success in filling vacancies. A report outlining options for service operating models to mitigate the budget position of fleet services was delayed due to officer availability but an external review is now proceeding and is anticipated in the latter half of the 2025-26 financial year. The one-off anticipated costs of the review have been built into the quarter 2 projections.

Traffic and Transport

- There is a projected under spend of £504,000 compared with a projected under spend of £380,000 at quarter 1. Whilst the service area has benefitted from an MTFS budget pressure of £360,000 approved by Council for 2025-26 towards the shortfall in car park income and the staff car pass scheme which has been impacted by hybrid working, the Council continues to benefit from the temporary income

raised from the Salt Lake Car Park in Porthcawl. The enhanced position from quarter 1 is mainly due to improved projections for car park income across the Borough and maximisation of grant income.

Parks, Playing Fields & Bereavement Services

- There is a projected over spend of £184,000 on Parks, Playing Fields & Bereavement services. There are projected over spends on grounds maintenance at cemeteries within Bereavement services (£91,000) and maintenance budgets on Pavilions (£143,000). These have been partly mitigated by staffing vacancies.

Corporate Landlord

- There is a projected under spend of £368,000 compared to the projected under spend of £249,000 at quarter 1. This is primarily due to staff vacancies as the service continues to experience recruitment difficulties. The quarter 1 projections anticipated posts to be filled by 1st October 2025, however this has now been revised to 1st January 2026.

3.3.4 Chief Executive's

The net budget for the Directorate for 2025-26 is £25.762 million. Current projections indicate a projected over spend of £782,000 at year end compared to the quarter 1 projected over spend of £858,000. The main variances are:

CHIEF EXECUTIVE'S	Net Budget £'000	Projected outturn £'000	Projected Variance Over/(under) budget £'000	% Variance
ICT	4,323	4,553	230	5.3%
Partnerships	2,306	2,498	192	8.3%
Housing & Homelessness	4,855	4,830	(25)	-0.5%
Finance	4,401	4,702	301	6.8%

ICT

- There is a projected net over spend of £230,000 across ICT budgets compared to a projected net over spend of £265,000 at quarter 1.
- As noted in the quarter 1 report the projected over spend is mainly due to MTFS saving proposals from 2024-25 and 2025-26 not being fully achieved. There is a shortfall of £87,000 against the 2024-25 MTFS budget reduction proposal CEX 22 – Review of ICT services and a shortfall of £58,000 against the 2025-26 MTFS budget reduction proposal CEX 10 – Restructure of the ICT service, pending a restructure of the service.
- The balance of the projected over spend is primarily due to historic SLA income from schools no longer being realised as the Welsh Government School Hwb project now includes the services previously being re-charged.
- The projection has improved by £35,000 since quarter 1 mainly due to staff vacancies.

Partnerships

- There is a net projected over spend of £192,000 across the Partnerships budgets compared to a projected net over spend of £239,000 at quarter 1.
- There continues to be a projected over spend against the CCTV budget (£73,000) which is mainly due to a reduction in projected income as a result of the contract with the Vale of Glamorgan ending (£71,000).
- There is a projected over spend in Communications and Marketing of £56,000 which is mainly due to increased staffing costs while the service underwent a restructure. The restructure became effective from the 1st October 2025.
- There is a projected over spend against Pest Control services of £34,000 – this is due to the shortfall in the 2024-25 MTFS budget reduction proposal, CEX 8 - Charging for PEST control services. There continues to be a reduced uptake in the service resulting in a projected income shortfall for 2025-26.
- The balance is mainly due to a shortfall against the historic vacancy management factor target across Partnership budgets.

Housing & Homelessness

- There is a projected net under spend of £25,000 on Housing & Homelessness compared to a net projected under spend of £78,000 at quarter 1.
- The overall budget for housing and homelessness has been increased by £400,000 in 2025-26 due to Council approving a MTFS budget pressure to support pressures on the homelessness budget. In addition there has also been an increase of £970,000 due to transfers from Welsh Government into the settlement from previous grant funding.
- Projected spend on Homelessness accommodation in 2025-26 is £4.200 million. As well as the core budget (£3.274 million) the service has also seen an increase in rental income relating to Housing Benefits claimed by tenants who have been supported with homelessness accommodation (£460,000). The net impact is a projected over spend on accommodation of £466,000.
- This has been offset by projected under spends on the Brynmenyn Homeless Centre (£158,000) and the three new Houses in Multiple Occupation (HMO) properties acquired in 2024-25 (£196,000) due to projected increases in Housing Benefit income. Further projected under spends include maximisation of Supporting People grant (£121,000) and grant funding received for Asylum Seeker Dispersal (£99,000).

Finance

- There is a projected over spend of £301,000 on Finance budgets which is comparable to the quarter 1 projected over spend of £299,000.
- This firstly relates to failure to implement historic MTFS proposals requiring restructures (the service is now considering alternative budget saving proposals) and delays to in-year restructures which will be finalised later in 2025-26 (CEX25 (2024-25) – Staff savings from Finance senior management team - shortfall of £70,000 and CEX5 – review support capacity across finance – shortfall of £23,000).
- There is also a shortfall of £91,000 on Department for Work and Pension (DWP) subsidy contributions towards housing benefit payments in Bridgend. Any Housing Benefit award paid over the subsidy level is borne by the Council as the DWP does not fully fund all Housing Benefit expenditure – for example, there are a number of tenancy arrangements whereby the subsidy is limited to historic local housing allowance rates or restricted by rent officer determinations.
- The balance is mainly due to a shortfall against the historic vacancy management factor target of £115,000 across Finance budgets.

3.3.5 Council Wide budgets

This section includes budgets, provisions and services which are council wide, and not managed by an individual directorate. The net budget for 2025-26 is £46.511 million. Current projections anticipate an under spend against this budget of £6.350 million which has improved from the projected over spend at quarter 1 of £171,000. The main variances are:-

COUNCIL WIDE BUDGETS	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Capital Financing	5,907	4,680	(1,227)	-20.78%
Council Tax Reduction Scheme	17,054	17,268	214	1.25%
Other Council Wide budgets	10,009	4,628	(5,381)	-53.76%

Capital Financing

- The projected under spend of £1.227 million mainly relates to additional interest anticipated from current investments. Interest rates started to fall from the high of 5% in November 2024, with further reductions to the current rate of 4%. Further interest rate reductions are expected, however the timing of these are uncertain and are subject to economic factors and in particular the position of inflation against the Bank of England's 2% target.
- It should also be noted that this will not be a recurring under spend. As noted in the Treasury Management Quarter 1 Report 2025-26 to Cabinet on 23rd September 2025, the Council has loans from the Public Works Loan Board (PWLb) maturing within the next 3 financial years that it will need to repay and, given the anticipated level of expenditure within the capital programme over the current and next financial years, including the new rolling fleet replacement programme for waste service vehicles, it is likely that new borrowing will be required to replace these maturing loans.

Council Tax Reduction Scheme

- There is currently a projected over spend of £214,000 on the Council Tax Reduction Scheme which is comparable with the £221,000 projected over spend at quarter 1. This is a demand led budget and take-up is difficult to predict. The projected take-up for 2025-26 is higher than in 2024-25 when the gross spend in this budget area was £16.326 million. This is partly due to the increase in council tax in 2025-26 of 4.5%, plus work undertaken by the Benefits Team to ensure citizens are aware of and claiming the benefits they are entitled to. The budget will be closely monitored in 2025-26 as there could be additional calls on the scheme with the ongoing cost of living crisis with the potential for an increase in the number of benefit claimants.

Other Council wide budgets

- The projected under spend of £5.381 million has improved from the £55,000 projected under spend at quarter 1. The main areas contributing to this projected under spend are:-

- As referred to in paragraph 3.1.3, during quarter 2 Welsh Government provided a grant of £521,736 towards the teachers' pay award 2025-26 that was not anticipated at budget setting.
 - As referred to in paragraph 3.1.11 during quarter 2 allocation of funding retained centrally in respect of National Joint Council (NJC) pay awards was vired to directorate and school budgets. The confirmed pay award was lower than budgeted for. The ongoing uncertainty over future pay awards means that it is likely that the provision set aside in the MTFS for 2026-27 will need to be supplemented by any funding not committed from the central pay budget this financial year.
 - Inflation rates have fluctuated since the budget was set – CPI was 2.8% when the budget was set in February 2025, increasing to 3.8% in August 2025. The majority of the budget estimated for price inflation is retained centrally within council wide budgets and allocated to directorates/schools as further information is known about specific contractual price increases – CPI allocations during quarter 2 can be found in paragraph 3.1.11. The majority of the projected under spend on the price inflation budget relates to reductions in requirements to allocate price budgets to service areas in-year as the Council has not seen the increases in CPI impact on contractual arrangements to date in 2025-26. There is, however, ongoing uncertainty on energy cost increases in 2026-27 and the general trajectory of CPI, therefore it is likely that the provision set aside in the MTFS for 2026-27 will need to be supplemented by any funding not committed from the price inflation budget this year.
 - There is also a projected reduction in corporate support required to fund redundancy costs as there are fewer staffing related MTFS proposals for 2025-26.
- The uncertainty regarding the funding of the increases to the rate of employers' national insurance contributions was referenced in the quarter 1 revenue monitoring report. During quarter 2, Bridgend County Borough Council received a grant of £4.447 million for BCBC staff and towards Fire and Rescue Authority NI increases. The grant was £390,000 short of the actual increase needed. Bridgend has also had to fund the cost of NI increases for commissioned services from its own budgets.

3.4 Earmarked Reserves

- 3.4.1 The cumulative revenue draw down by directorates is £898,000 as shown in **Table 4** below. The majority of the draw down from earmarked reserves takes place in the later stages of the financial year, especially on capital and grant funded schemes. In addition, school balances are not adjusted until the year end – an overall draw down in year of £4.468 million from school balances is currently projected, which would continue to leave a negative balance to be managed by the Council.

Table 4 – Usable Revenue Earmarked Reserves (Excluding Council Fund) – Quarter 2

Opening Balance 01 Apr 25	Reserve	Net Additions/ Reclassification	Draw- down	Unwound	Closing Balance 30 Sep 25
£'000		£'000	£'000	£'000	£'000
	Corporate Reserves:				
2,290	Asset Management Reserves	-	(209)	-	2,081
1,830	Major Claims & Insurance Reserves	-	-	-	1,830
1,892	Service Reconfiguration	-	-	-	1,892
2,294	Change Management/Digital Transformation	-	-	-	2,294
500	Economic and Future Resilience Fund	-	-	-	500
3,179	Other Corporate Reserves	-	-	-	3,179
11,985	Total Corporate Reserves	-	(209)	-	11,776
	Directorate Reserves:				
1,919	Education & Family Support	-	(38)	-	1,881
1,856	Social Services & Wellbeing	-	(265)	-	1,591
1,835	Communities	-	(182)	-	1,653
1,966	Chief Executives	-	(123)	-	1,843
7,576	Total Directorate Reserves	-	(608)	-	6,968
	Equalisation & Grant Reserves:				
316	Education & Family Support	-	-	-	316
47	Social Services & Wellbeing	-	-	-	47
2,478	Communities	(355)	(81)	-	2,042
47	Chief Executives	310	-	-	357
2,888	Equalisation & Grant Reserves:	(45)	(81)	-	2,762
(619)	School Balances	-	-	-	(619)
21,830	TOTAL RESERVES	(45)	(898)	-	20,887

3.4.2 In addition to the usable revenue reserves in **Table 4**, there are currently £46.083 million of other earmarked reserves funding schemes within the capital programme.

4. Equality implications (including Socio-economic Duty and Welsh Language)

4.1 The protected characteristics identified within the Equality Act 2010, Socio-economic Duty and the impact on the use of the Welsh language have been considered in the preparation of this report. As a public body in Wales, the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

- 5.1 The Act provides the basis for driving a different kind of public service in Wales, with 5 ways of working to guide how public services should work to deliver for people. The well-being objectives are designed to complement each other and are part of an integrated way of working to improve well-being for the people of Bridgend. The allocation of budget determines the extent to which the Council's well-being objectives can be delivered. It is considered that there will be no significant or unacceptable impacts upon the achievement of the well-being goals or objectives as a result of this report.

6. Climate Change and Nature Implications

- 6.1 There are no direct implications arising from this report.

7. Safeguarding and Corporate Parent Implications

- 7.1 There are no direct implications arising from this report.

8. Financial Implications

- 8.1 These are reflected in the body of the report.

9. Recommendations

- 9.1 The Committee is recommended to consider the projected revenue position for 2025-26.

Background documents: Individual Directorate Monitoring Reports